

Distribution: Long Term Care Facilities 01-05

Issued: July 15, 2001

Subject: Nursing Home Quality Incentive Program

Effective: October 1, 2001 through September 30, 2002

Programs Affected: Medicaid

The purpose of this bulletin is to govern Medicaid financial participation in the Nursing Home Quality Incentive Program administered by the Michigan Department of Consumer and Industry Services (MDCIS) pursuant to section 112 of the MDCIS appropriation bill for FY 2002.

Under the Nursing Home Quality Incentive Program, MDCIS provides financial incentives for nursing homes to develop high quality care services. Grants will be awarded to nursing homes that can demonstrate an existing commitment to providing high quality care. MDCIS has developed the specific criteria for the awarding of these grants that include some measure of resident satisfaction with the level of care provided. The criteria also include consideration of the results of the facility's annual survey conducted by MDCIS.

ELIGIBILITY AND AMOUNT OF THE AWARD

Licensed long term care (LTC) facilities with Medicaid beds may apply for an Innovation Award under this program. The Innovation Award for those facilities approved by MDCIS will be based on their licensed bed capacity as of October 1, 2001. A facility that has been determined to have substandard quality of care in its last standard survey will not be eligible for an award under this program. A LTC facility's application to MDCIS for an Innovation Award must be postmarked on or before September 1, 2001. Awards may or may not cover the entire cost of eligible activities.

HIGHEST QUALITY OF CARE

For the purpose of this program, MDCIS will be making awards to programs demonstrating "the highest quality of care." Highest quality of care is defined as, "an approach involving facility measurements, analysis, activities, and/or systems to prevent, detect, or alleviate the resident quality of care issue(s) or problems(s) before it manifests as a deficiency in the survey process."

ELIGIBLE ACTIVITIES

This award program is competitive, and activities will be accepted for an award only if judged by MDCIS to demonstrate the highest quality of care and meet the requirements and purpose established for eligible activities, including some measure of resident satisfaction. Evaluation of the impact of a project may be required as a condition of an award. An award may be granted to reimburse a LTC facility for expenditures for three eligible activity areas as follows:

Activities to Obtain the Michigan Quality Leadership Award (MQLA)

MQLA awards are awarded through the Michigan Quality Council (MQC). The MQLA is a four-level award process that uses the Baldrige Performance Excellence criteria and is modeled after the National Malcolm Baldrige Award process. MQC has trained examiners that review and provide feedback reports for improvement. The four levels include the following:

- The Lighthouse Award - This award is the initial step to introducing the MQLA process into the facilities. The customized Long Term Care Starter Guide Application includes customized questions to assist the facility with the development of improvement action plans.
- The Navigator Award - This award is the next step in the process and requires the facility to complete a 20-page application following the Baldrige National Quality Award Health Care Criteria.
- The Honor Roll - Is an award for facilities that have made significant progress in their approach and deployment in several areas of the criteria. These activities are typically areas noteworthy of bench marking.
- Quality Leadership Award - This top level award is for facilities that demonstrate approach, deployment and positive results throughout the facility.

The MQLA process is based on seven criteria that, together, provide organizations with the foundation necessary for demonstrating business excellence. The seven categories include:

- Leadership
- Strategic Planning
- Focus on Patients, Other Customers and Markets
- Information and Analysis
- Staff Focus
- Process Management
- Organizational Performance Results

Activities to obtain one or more MQLA awards are eligible activities.

Innovative Projects

Innovative Projects that improve the quality of care provided to residents in the facility may be eligible for an award under this program. Each application will be reviewed by the MDCIS which will determine whether the project involves facility measurements, analysis and activities, and systems to prevent, detect, or alleviate a quality of care issue(s) or problem(s) before it manifests in the survey process.

Projects in this category may include activities to address issues identified as part of a continuous quality improvement program; activities to improve labor relations or lessen staff turnover; projects to enhance on-site complaint resolution; or other innovative approaches to quality improvement.

Activities to Implement the Eden Alternative

The core concept of the Eden Alternative is to transform nursing homes into habitats for human beings rather than institutions for the frail and elderly. The Eden Alternative is a tool and process for improving the quality of life for people who live in long term care facilities by enlivening their environments and eliminating unnecessary medical therapies. This is accomplished through companion animals, the opportunity to care for other living things, the variety and spontaneity that mark an enlivened environment, and improvements in the relationships between management, staff and residents. Activities to implement the Eden Alternative in a LTC facility are eligible activities.

DISTRIBUTION OF THE AWARD

The award for each facility will be made by MDCIS after the application is approved.

The facility will be required to abide by all of the rules of the program, including acceptance that the decision of the MDCIS as to eligibility of the application and amount of eligible activities is final and not subject to administrative or judicial appeal.

VERIFICATION OF EXPENDITURES

Application for the award and supporting documentation must be made to MDCIS in accordance with a process and on a form it develops. At the end of the fiscal year, the grant recipient will be required to submit a listing of all expenditures along with supporting documentation. Any unspent funds as of September 30, 2002 (the end of the grant award project time period), must be returned to MDCIS with the award year expenditure report. Failure to return the unspent funds will make that nursing home facility ineligible to participate in subsequent award incentive project funding.

In the case of a sale of a facility which has received an award under this program, the new owner/operator shall be responsible for the award dollars, the project final report and compliance with all other award requirements.

MQLA Projects

In the case of activities to develop an application or program for the Michigan Quality Leadership Award (MQLA), MDCIS will rely both on facility submissions and on concurrent supporting documentation from the Michigan Quality Council verifying submitted expenditures are bona-fide. Subsequent verification of expenditures by the Michigan Quality Council will be required.

Innovative Projects

Each application will be reviewed by the MDCIS to determine whether the project is likely to improve the quality of care provided to residents in the facility. Evaluation of the impact of the project and subsequent verification of expenditures made will be required.

Edenization Projects

In the case of Edenization activities, MDCIS will rely both on facility submissions and on concurrent supporting verification from the Office of Services to the Aging (OSA) that submitted expenditures are bona-fide. Evaluation of the impact of the project and subsequent OSA verification of expenditures made will be required.

Applicants for an award under this program must sign a waiver to accept all decisions of MDCIS, MDCH, MQC, OSA, or a designated agent of any of them in this process as final, with no right of administrative or judicial appeal.

MEDICAID PROGRAM COST REPORTING REQUIREMENTS

Innovation Program project costs must be reported in the Medicaid cost report in accordance with the Medicaid Program cost reporting requirements. Costs must be appropriately reported in the applicable cost classifications. The "project" cost that is incurred and has been reimbursed to the nursing home entity by the innovation award dollars must be removed from the cost of nursing care in the appropriate cost center.

The nursing home entity must report a reduction to the appropriate cost classifications for an amount equal to the dollar amount received from the innovation program award. The adjustment must be reported on Worksheet 1-B in the Medicaid cost report. Innovative project award payments for capital asset acquisition must be reported as a reduction in the asset cost basis for the applicable asset. The cost report must identify the net cost of the innovative award project capital asset acquisition to the nursing home entity. The net cost will be the acquisition cost less the innovative award dollar amount received for the purchase of the capital asset.

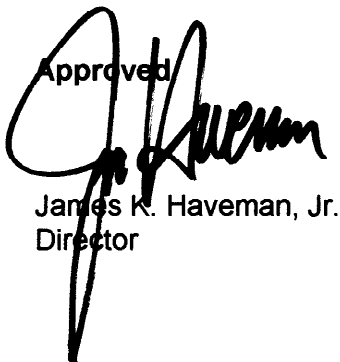
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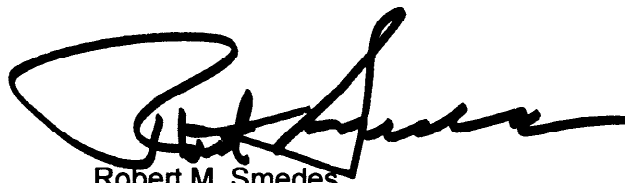
Questions regarding applications and the award program for FY 2002 may be directed to: Lorie Paez, Division of Operations, Bureau of Health Systems, Michigan Department of Consumer and Industry Services, P.O. Box 30664, Lansing, MI 48909. Telephone (517) 334-9430 or E-mail to paezL@state.mi.us.

Questions regarding cost reporting requirements should be directed to: Data Analysis, Reimbursement and Settlement Division, Bureau of Rate Development, Revenue Reimbursement and Payment Settlement, P.O. Box 30479, Lansing, MI 48909-7979, or E-mailed to DARS@state.mi.us.

Manual Maintenance

Retain this bulletin for future reference.

Approved

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Director


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Medical Services Administration